



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

FINANCE AND AUDIT COMMITTEE

Morgan Hill Civic Center
Administration Conference Room
17555 Peak Avenue
Morgan Hill, California

Chair
Committee Member
City Treasurer
Staff: City Attorney
Finance Director
Budget Manager
Public Works Director

Larry Carr
Steve Tate
Mike Roorda
Helene Leichter
Jack Dilles
Chu Thai
Jim Ashcraft

REGULAR MEETING

Wednesday, March 20, 2002

MINUTES

6:00 P.M.

CALL TO ORDER

Chair Carr & Commission Members Tate & Roorda; *Staff*: Leichter, Dilles, Thai, & Ashcraft

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. Approval of minutes for February 27, 2002.

The minutes for February 27, 2002 were approved.

2. Local preference purchasing (discussion)

City Attorney Leichter spoke regarding the issue of providing preferences to local businesses to encourage them to do business with the City. She indicated that there should be a correlation and economic study to demonstrate an evidentiary record as to why it is more costly to conduct business within the City limits. Without this evidence, the City would face a higher level of legal risk because the federal Constitution mandates that the City cannot discriminate against business entities from other states or other areas. The City Attorney would be comfortable with a local preference that was equal to no more than the sum of the 1% sales tax that goes to the City plus the cost of a City business license, since these represent incremental costs that a business must incur to operate within Morgan Hill, but that a higher preference may be possible.

The Finance Director indicated that he had concerns about how to apply a preference that considered proximity of the business or familiarity with the community and the City's needs, since it seemed somewhat subjective. A suggestion was made that perhaps the proximity of a business and its ability to be responsive to the City's needs could best be handled as a requirement to respond to the City's calls within a specific time frame as part of the bid specifications.

It was decided that this matter should be brought to the City Council for their consideration.

3. Centralized Purchasing

The Finance Director and Budget Manager presented a report supporting the continuation of a decentralized purchasing process, except that certain minor improvements could be made to be more efficient in the City's purchasing process. Staff's recommendation was based upon their conclusion that purchasing in a smaller city like Morgan Hill is more efficient in that the cost of hiring purchasing staff would not be offset by savings generated through that position's efforts. Committee Member Roorda asked staff to return with more details to support that conclusion and staff responded that they would do so.

4. Finance Committee Reporting to the City Council (discussion)

Staff asked for further clarification regarding the Committee's desire to have a representative, who would be Committee Member Roorda, present a monthly report to the City Council. Committee Members responded that the intention was to have the representative summarize and report on the monthly Finance and Investment Report that is prepared by staff each month. Staff indicated that this report would be agendaized on

the City Council agenda on the same night as the monthly Finance and Audit Committee meeting, beginning on April 17.

5. Financial and Investment Report for February 2002

This item was only briefly discussed due to time constraints.

6. Future Agenda Items

None

ADJOURNMENT

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.